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Producers 88 (4-89) - Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

THIS LEASE AGREEMENT is made this

PAID UP OIL AND GAS LEASE (No Surface Use)

2008, by and between

13 day of $\int \psi \psi e$

FCICCIH Dei	1. H. Single	PErsen				
whose addresss is <i>2^e 3</i>	3 CLUNDAYYA	1 Drive Grand	Prairie TexAs	75082		as Lessor,
and, <u>DALE PROPERTY SER</u>	/ICES, L.L.C., 2100 R	oss Avenue, Suite 1870 Da	llas Texas 752 <u>01.</u> as t	essee. All printed portions.	of this lease were p	repared by the party
hereinabove named as Lesse	ı, but all other provisio	ns (including the completion o	f blank spaces) were pre	epared jointly by Lessor and	Lessee.	
i. In consideration of described land, hereinafter ca	i casu ponus in nano	paid and the covenants her	ein contained, Lessor r	nereby grants, leases allo	ets exclusively to t	Lessee the following
	•					
ACK ACRES OF L	AND, MORE OR	LESS, BEING LOT(S) 7		BLOCK, 4	<i>(</i>
OUT OF THE TOPE	Acres	,		ADDITION, AN A	DDITION TO	THE CITY OF
Fort Worth Tex	2 4	, TARRANT COUNT	Y, TEXAS, ACCO	RDING TO THAT C	ERTAIN PLA	T RECORDED
IN VOLUME 388	J ,PAGE	[0]	OF THE PLAT R	ECORDS OF TARR	ANT COUNTY	, TEXAS.
in the County of <u>Tarrant</u> , reversion, prescription or othe substances produced in ass commercial gases, as well as land now or hereafter owned Lessor agrees to execute at L	State of TEXAS, contained by the purposition therewith (inchighted by Lessor which are of asses).	aining exc of gross action of exploring for, developing fuding geophysical/selsmic of lin addition to the above-descontiguous or adjacent to the additional or supplemental instructionary, the number of gross	cres, more or less (including producing and marke perations). The term intend leased premises, labove-described leased inments for a more comp	uding any interests therein ting oil and gas, along with "gas" as used herein inclu this lease also covers accre premises, and, in considers lete or accurate description	which Lessor may an all hydrocarbon and shelium, carbon setions and any small atton of the aforeme of the land so cover	hereafter acquire by nd non hydrocarbon n dioxide and other il strips or parcels of ntioned cash bonus, red. For the purpose

- 2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Five (5) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in
- 3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be $\underline{Twenty-Five~(25\%)}$ of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty-Five (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing price) pursuant to comparable purchase contracts entered into on the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if all the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either purchases are contracted in the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either
- is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences is purchases hereunder; and (o) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producting oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture slimulation, but such well or wells are either shut-in or production there from is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period next following cessation of such operations or production thereform is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells are shall be paid or tendered to Lessor or to Lessor's credit in the depository of the depository by shulf-in royally payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository of any other payment. If the depository shoul
- to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not opcoled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

 8. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well or pass well or a horizontal completion in so any any exploration of the lore of
- such part of the leased premises

B. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferree to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease are or any depths or some there under any shall the reuner of all obligations thereafter arising with respect to the interest or released.

the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalities shall be proportionately reduced.

the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the inferest so roiseased. If Lessee releases erior an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalities shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unlitized herewith, in primary and/of enhanced recovery, Lessees shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted forein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this leases, and (b) to any other lands in well below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or such other lands. and to commercial limber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment, and marketing user in the leased premises or such other lands. and to commercial limber and growing crops c

time after said judicial determination to remedy the breach or default and Lessee falls to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

18. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

operations.

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to after the terms of this transaction based upon any differing terms which Lessor has proposed with any other lessors/oil and gas assurances.

which Lessee has or may negotiate with any other lessors/oll and gas owners. IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor. LESSOR (WHETHER ONE OR MORE) By: ACKNOWLEDGMENT STATE OF Texas COUNTY OF Tairant This instrument was acknowledged before me on the <u>1.3</u> day of $\int v v x^2$, 2008, by: <u>Felecia</u> STANLEY SCOTT Notary Public, State of Texas otary Public, State of Texas My Commission Expires Notary's name (printed): Notary's commission expires: May 19, 2010 STATE OF Texas COUNTY OF Tarrant , 2008, by: This instrument was acknowledged before me on the ____ __day of __

> Notary Public, State of Texas Notary's name (printed): Notary's commission expires:



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

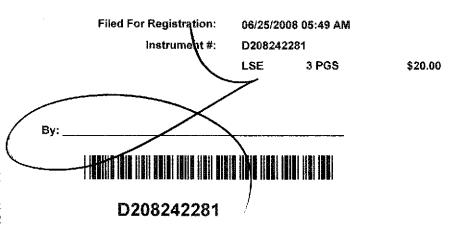
DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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